

ORDER NO. 5287

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Competitive Product Prices
Priority Mail Contract 150 (MC2016-11)
Negotiated Service Agreements

Docket No. CP2016-12

ORDER APPROVING AMENDMENT THREE TO
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued October 29, 2019)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves Amendment Three.

¹ USPS Notice of Amendment to Priority Mail Contract 150, Filed Under Seal, October 25, 2019 (Notice). The amendment is an attachment to the Notice (Amendment Three).

In Order No. 2799, the Commission approved the Priority Mail Contract 150 negotiated service agreement (Existing Agreement).² On October 25, 2019, the Postal Service filed notice that it has agreed to Amendment Three to the Existing Agreement. Also, on October 25, 2019, the Postal Service filed notice of another amendment to the same Existing Agreement.³ Amendment Three, the subject of this Order, would briefly extend the Existing Agreement while the Commission separately reviews Amendment Two.⁴

The Postal Service intends for Amendment Three to become effective one business day after the date that the Commission completes its review of the Notice. Notice at 1.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of

² See Docket Nos. MC2016-11 and CP2016-12, Order Adding Priority Mail Contract 150 to the Competitive Product List, November 3, 2015 (Order No. 2799). The contract was later amended. See Order Approving Amendment One to Priority Mail Negotiated Service Agreement, April 25, 2019 (Order No. 5072).

³ USPS Notice of Amendment to Priority Mail Contract 150 and Motion for Temporary Relief, October 25, 2019 (Notice of Amendment Two). The other amendment is an attachment to this filing (Amendment Two).

⁴ See Notice, Attachment A at 1; Notice of Amendment Two at 1.

institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire November 3, 2019. Order No. 5072 at 3. Amendment Three revises the expiration date of the contract to November 18, 2019. Notice, Attachment A at 1. Amendment Three also revises the Existing Agreement to reflect the customer's corporate name change. *Id.*

Amendment Three does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Postal Service states that Amendment Three shall become effective one business day after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire November 18, 2019. *Id.* Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Contract 150 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the revised expiration date, November 18, 2019.

By the Commission.

Darcie S. Tokioka
Acting Secretary